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SUBJECT: SCENESETTER FOR ADMIRAL ANWAR'S VISIT TO WASHINGTON

Classified By: Deputy Chief of Mission David B. Shear for reasons 1.4 b and d.

¶1. (C) Admiral Mohd Anwar Mohd Nor, Chief of Malaysian Defense Forces, will visit the U.S. from September 30 - October 12. Admiral Anwar's visit provides us with an excellent opportunity to strengthen our efforts for mil-mil cooperation, influence Malaysia's military equipment acquisitions and strengthen our overall ties with a moderate Muslim nation and economic force in Southeast Asia.

¶2. (C) Malaysia has been a difficult partner in the past. Malaysians nurse strong anti-colonial sentiments and (among the Malay majority) resentment over perceived ill treatment of Islam by the West. Former Prime Minister Mahathir played on these sentiments to generate political support for himself and his ambitious economic agenda. When he relinquished his post in 2003, he left behind a new economic power but also strained relations with much of the West. Today, however, Malaysia presents us with important transformational opportunities. In terms of its economic development, educational achievement, public welfare, and political stability, Malaysia stands out among Muslim-majority nations. The Malaysians project a moderate version of Islam, and, over the longer term, could lend additional support to democratic forces in the Middle East and Iraq. We also share strong common East Asian regional interests in stability and prosperity. Malaysian counter-terrorism cooperation is indispensable in defeating Jemaah Islamiyah (JI) in the region. Malaysia's economy is one of the most open, diverse and well-developed economies in the Islamic world and in ASEAN. Malaysia is our tenth largest trading partner, and economic ties could strengthen further if ongoing free trade agreement talks succeed.

Malaysia's Moderate Islam

¶3. (C) Malaysia, with its entrenched majority coalition, is hardly an ideal democracy, but it can still serve as a useful model for evolving Islamic societies elsewhere. The Malay people, long known for their tolerance, have become more conservative in recent years, but Prime Minister Abdullah has enshrined the Malay political elite's continued preference for moderation in his "Islam Hadhari" or "Civilizational Islam" policy. Abdullah's key message is that Islam can become a leading world civilization again only if it embraces economic development, education, innovation and tolerance.

Malaysian Foreign Policy and US--A Mixed Bag

¶4. (S) Abdullah champions his vision--albeit with limited impact to date--within the Organization of the Islamic

Conference (OIC), which Malaysia currently chairs. Malaysia supports Abbas, the Palestinian Authority, the MEPP roadmap, and Iraqi reconstruction. However, the Malaysian public remains highly critical of our Middle East policies, and the GOM is consistently critical of Israel, with which it has no diplomatic relations. As chairman of the OIC, Malaysia recently volunteered 1,000 troops to participate in UNIFIL. After more than a month of lobbying, and apparently without the consent of Israel, UN SYG Annan agreed to allow Malaysia to send a force of 376 soldiers to support UNIFIL. At the time of this writing, it is unclear how this issue will be resolved.

15. (S) In early September, Malaysia surrendered the chairmanship of the Non-Aligned Movement, and as past chair remains a member of the leadership troika. During Malaysia's tenure it championed policies which supported the NAM stance on the Iranian nuclear program, and engaged, often on overly friendly terms, with such problematic international players as Zimbabwe, Cuba and Venezuela. Abdullah hosted Hugo Chavez for a visit to Malaysia in August, and assured Venezuela of his support for election to the Latin American chair on the UN Security Council.

16. (C) As last year's ASEAN Chairman, Malaysia took great pride in hosting the first East Asia Summit last December. This summer Malaysia hosted the ASEAN Regional Forum and Ministerial Conference, attended by Secretary Rice and among others, LTG Frazier of the office of the Joint Chiefs of Staff. The GOM backs the six-party DPRK nuclear talks and has criticized North Korea's truculence. The Malaysian government is publicly supportive of China's "peaceful rise", welcoming in particular China's growing imports of Malaysian products,

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despite lingering suspicions among some officials of China's long-term intentions.

17. (C) In Southeast Asia, Malaysia has played an important and constructive role. In August Malaysia completed its peacekeeping mission to East Timor following the armed uprising that led to deployment of Australian, Malaysian and Portuguese forces. The GOM has also taken the lead in the southern Philippines peace process, hosting negotiations and contributing observers to the International Monitoring Team in the southern Philippine. The Malaysians have urged the Thai government to resolve peacefully the unrest in Southern Thailand and are hopeful that the new junta will take a more conciliatory role in calming their northern border. Malaysia's recent success initiating regional aerial monitoring of the Straits of Malacca (the "Eyes in the Sky" program), has helped reduce piracy in the Straits. Malaysia is especially chagrined by Burma's intransigence because it championed Burma's entry into ASEAN. Having publicly criticized the Burmese regime, though, FM Hamid appears to be at a loss as to what to do next. Since the ASEAN Regional Forum, Malaysia has generally taken a hands-off approach.

Bilateral Ties--Improving the Substance

18. (S) In our bilateral relations, the GOM has begun matching improvements in tone with improvements in substance. PM Abdullah has openly espoused improved relations with the U.S., and values the good rapport he established in his meetings with the President. In late May, A/S Hill conducted our first-ever Senior-Level Dialogue with Foreign Ministry Secretary General Rastam. In July, Secretary Rice also met

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with PM Abdullah, FM Hamid, and most recently, President Bush met with PM Abdullah on the sidelines of the UNGA in September. Last year the GOM acceded to our long-standing urging and signed the IAEA Additional Protocol; the Malaysians have also recently started sending observers to recent PSI exercises; and the GOM is preparing to implement

an export control regime. An opening round in the FTA talks in June went well, but the second round in Washington in July was not nearly as successful. The third round has been postponed, and we are waiting for more positive overtures from the newly installed Secretary General for the Ministry of International Trade and Industry. It remains unclear if the two parties can meet the negotiation deadlines and agree to an FTA.

¶9. (C) Although they keep the details closely held, the GOM has been a key regional partner on counterterrorism. Early round-ups in 2001-2002 of scores of Jemaah Islamiyah (JI) suspects helped ensure there have been no terrorist attacks here. However, Malaysian extremists, as illustrated by a series of recent arrests in Malaysia's Borneo states, still have the capability to support JI operations elsewhere. We and our colleagues in Manila, Jakarta and other Southeast Asian posts have embarked on a regional effort to strengthen these countries' border controls. In 2003, Malaysia established the Southeast Asia Regional Center for Counterterrorism (SEARCCT), which runs a full schedule of multilateral training courses, many conducted with U.S. support.

PM Abdullah's Challenges

¶10. (C) Prime Minister Abdullah's main priorities are sustaining growth in Malaysia's increasingly developed economy, fighting corruption and encouraging more open, collegial government. No one doubts his sincerity but his mild-mannered and cautious approach has led critics to question his leadership. Now two and one-half years into his five-year term, Abdullah has appealed to the public for patience in delivering reform.

¶11. (C) PM Abdullah currently faces a new problem: in April, former PM Mahathir began openly attacking his successor for failing to follow through with many of the former PM's initiatives. These attacks continued throughout the summer and will likely not subside any time soon. Mahathir can no longer dictate policy (unlike Singapore's Minister Mentor Lee Kuan Yew), but the old brawler continues to revel in public controversy. Abdullah has so far maintained an "elegant silence" and tasked others in the Cabinet to explain his decisions. At this point, Abdullah's still high popularity and the economy's continued solid growth should help ensure Mahathir's campaign fails. However,

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Mahathir's public insinuations that the PM and his supporters are "not Malay enough" may constrain the PM's public statements on foreign policy issues.

¶12. (C) Another of many subjects on which Mahathir has criticized Abdullah is the growing mil-mil cooperation between the United States and Malaysia, particularly with regard to the greater frequency of high-visibility ship visits. We have been pleased by the overwhelmingly positive media coverage our ship visits have received, in contrast to the quiet arrivals of past years. The flip side to this is that our visits are getting increased attention from ideological foes on the Islamic right, and from Mahathir's opportunistic criticism. Deputy Prime Minister Najib has stoutly defended our cooperation before Parliament, and we do not see that our engagement is under threat. However, we do need to be cognizant of our increased military visibility and sensitive to GOM concerns, particularly with high tensions in the Middle East.

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